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TAGS: [ETTC](#) [TSPA](#) [KFPC](#) [ETRD](#) [IT](#) [IN](#)  
SUBJECT: GOI INQUIRY REGARDING ITALIAN SATELLITE LAUNCH  
FROM INDIA

REF: A. KESSLER-BYRNES MAY 11  
[1](#)B. 2006 E-MAIL AND PREVIOUS

SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET DISTRIBUTION

[1](#)1. (SBU) SUMMARY AND ACTION REQUEST: Embassy requests Department assistance to follow up on several pending export license requests for U.S.-origin components for the Italian Space Agency's (ASI) AGILE scientific satellite mission, which ASI would like to launch from India in October. The Ministry of Foreign Affairs warned us in April (Ref E-mails) that if by the end of May it is not clear that the licenses will be granted, ASI is prepared to purchase the needed components from non-U.S. manufacturers to enable ASI to launch from India by January 2007. We note that NASA announced May 9 that the U.S. Space Agency plans to launch scientific payloads on India's Chandrayaan-1 lunar orbiter in late 2007 or early 2008 as part of the President's Vision for Space Exploration.

[1](#)2. (SBU) ASI has been a trusted partner for 40 years, and U.S.-Italy space cooperation is ongoing. While the value of the U.S. components in the AGILE satellite may be not be very great, we do not want to prejudice U.S. industry's access to Italy's nine billion euro aerospace and defense market. Background on the primary contractor for the satellite, Carlo Gavazzi Space S.p.A., and on the AGILE mission is in paragraphs 8 and 9. ACTION REQUEST: Please see paragraph 7. END SUMMARY.

ITALIAN SPACE AGENCY (ASI) DECEMBER 2005 INQUIRY  
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[1](#)3. (SBU) Last December, the Italian Space Agency publicly announced that AGILE would launch January 26, 2006 from India. Also in December, ASI inquired about several export license applications pending with the Departments of State and Commerce. A list of application numbers, components, and U.S. suppliers is included in paragraph 10. In January, following E-mail consultation with the Department of State, Emboffs informed ASI that U.S. export control policy did not/not allow for U.S.-origin components to be used in satellite equipment launched from India. We also informed ASI that the U.S. had begun negotiations on two U.S.-India bilateral agreements (a Technology Safeguards Agreement and a Commercial Space Launch Agreement) that must be in place in order for U.S. policy to change and to allow the AGILE satellite to be launched from India. At that time, we also noted that in order for the contractor Carlo Gavazzi to transfer the satellite, the company would have to make

comprehensive requests to the Departments of State and Commerce for authorization to re-export each U.S.-origin components.

APRIL MFA INQUIRY: SERIOUS THREAT TO REPLACE U.S. ITEMS  
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¶4. (SBU) In mid-April, Gianni Manfredi, the Office Director responsible for space cooperation at MFA's Directorate for Multilateral Economic and Financial Cooperation inquired about the status of the pending licenses. He explained that ASI wanted to reschedule the launch for October 2006, and needed to know by the end of May whether export licenses for five U.S.-origin components could be approved by then. Manfredi informed SCIOff that if Carlo Gavazzi Space (the main contractor, see background in paragraph 8) or ASI did not hear positively by that time, ASI was prepared to replace the equipment with components manufactured outside the U.S. Our main contact from ASI's bilateral and international department confirmed that ASI would acquire components elsewhere. At the roll-out of the Italian National Space Plan for 2006-2008 this spring, ASI President Prof. Sergio Vetrella confirmed that ASI plans to launch AGILE this year. COMMENT: Based on these public statements, and the fact that ASI has upped the ante by involving the Ministry of Foreign Affairs in the matter, we believe the Space Agency is serious about replacing U.S.-manufactured equipment with non-U.S. origin components in time for launch NLT January 2007. From what we understand, ASI has not considered launching from another venue permissible under U.S. export control regulations. END COMMENT.

U.S. COMPANIES/EQUITIES AND POSSIBLE LONG-TERM EFFECTS  
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¶5. (U) To the best of our knowledge, the U.S. suppliers for AGILE are: Eagle-Picher Technologies, Goodrich Corporation, AEROFLEX (Formerly UTM), BAE Federal Systems, Honeywell, and International Rectifier. We have no information on the retail value of any of the equipment supplied to Carlo Gavazzi and subcontractor Alcatel Alenia Spazio, except for the reaction wheel assembly manufactured by Goodrich (USD 155,000). While the total value of U.S. equipment for AGILE is relatively small, the aerospace and defense industry in Italy represents a potential nine billion euro market for American manufacturers. This market could be jeopardized if ASI (USD 700 million dollar budget in 2005) and Italian aerospace companies decide it is more predictable to purchase non-U.S. components in order to have the flexibility to launch on a timely basis from India.

NASA MAY 9 ANNOUNCEMENT: INDIA LAUNCH PLANNED  
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¶6. (SBU) NASA announced on May 9 that as part of the President's Vision for Space Exploration, the U.S. Space Agency will include two U.S. scientific payloads on India's lunar orbiter, Chandrayaan-1, expected to launch in late 2007 or early 2008. We anticipate that the MFA and ASI will request a detailed explanation of U.S. policies if regulations would not allow U.S.-origin equipment on an Italian satellite controlled by the GOI, but launched by India, while they would permit U.S. instruments to be exported and used in an Indian-assembled space vehicle. For the record, ASI has assured us that the AGILE satellite would be shipped to India under guard and would always remain under the control of an ASI team on the ground in India, where no one else (including the Indians) would have access to it before launch. Professor Vetrella, President of ASI, also confirmed that the GOI would officially guarantee that only ASI would have access to AGILE in India.

ACTION REQUEST  
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¶7. (U) Embassy would appreciate Department's assistance to provide points for our reply to the MFA's and ASI's inquiries. Will U.S. authorities be able to approve export

control licenses for the U.S.-origin equipment for the AGILE satellite by the end of May, or within a timeframe that would allow for assembly and launch of AGILE from India by October, 2006?

BACKGROUND INFORMATION: CARLO GAVAZZI SPACE S.P.A.

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¶8. (U) Carlo Gavazzi is one of the leading medium-sized privately owned European aerospace and telematics companies. Founded in 1981 and owned 100 percent by the German Fuchs family (Prof. Manfred Fuchs - President; Dr. Marco Fuchs - Vice President), the company is headquartered in Milan, with branches and a research laboratory in five other central and northern Italian locations. Gavazzi employs 180 engineers and physicists and claims share capital worth 2.4 million euro. The company is one of 40 manufacturing the recently-completed European Space Agency Columbus Module for the NASA-led International Space Station (ISS). Gavazzi provides facilities and payloads for experiments in microgravity conditions for all Columbus internal laboratories and for many experiments carried out on the external platforms of the ISS, including the Remote Power Distribution Assembly on ISS's American laboratory. The company also produced the overall thermal control system of NASA's Alpha Magnetic Spectrometer. Carlo Gavazzi has also contributed to ASI's Unmanned Space Vehicle (USV), unveiled in May and scheduled for its first test flight between June and August this year. The USV is Italy's candidate to lead the European Space Agency's effort to develop a next-generation launch system to replace the Ariane 5 booster.

AGILE - AN ITALIAN NATIONAL SCIENTIFIC MISSION

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¶9. (U) AGILE is an Italian Space Agency two-year scientific mission, the only European mission entirely devoted to high-energy astrophysics. The 350-kilogram mini-satellite will be placed in an equatorial orbit 550 kilometers above the earth to detect hard X-rays and gamma ray bursts. This mission will acquire information on black holes, supernovae, neutron stars, and yet-to-be-identified sources of gamma

rays. ASI planned to launch the satellite from the Satish Dhawan Space Centre in Sriharikota, India. This launch site was selected for cost reasons. Neither the U.S. nor the European Space Agency is participating in AGILE.

STATUS OF U.S.-ORIGIN COMPONENTS IN AGILE SATELLITE

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¶10. (U) Below is the most complete list we have of U.S.-origin components in the AGILE, furnished by Carlo Gavazzi Space.

-- DTC Case GC 0847-05 (nickel-hydrogen battery): On August 9, 2005 submitted license variation for Sriharikota, India launch site; end user ASI.

-- DTC Case 862652, 9007988 (nickel-hydrogen battery): Manufacturer: Eagle-Picher Technologies; End User: Carlo Gavazzi Space S.p.A. (launch site listed as USA (Vandenberg). (See license variation GC 0847-05).

-- DTC Case 931427 (reaction wheel assembly) or case TA-1177-03): Exporter: Goodrich Corporation; End User: Carlo Gavazzi Space S.p.A. Total value stated on license: USD 155,000.

-- DTC Case GC 0221-06 (GPS Receiver Component Rad-Hard IC (CAUGG ASIC) and GSP Receiver Component Single Chip Processor (RAD60006C) CMOS Static RAM (SRAM): License variation submitted on February 21, 2006; Requested End User: ASI; Requested Launch Site: Sriharikota, India.

-- DTC Case 706176 (GPS Receiver Component Rad-Hard IC (GAUSS ASIC): Manufacturer: AEROFLEX (Formerly UTMIC). End User: Laben S.p.A. Final Destination: Milan, Italy. (See

License Variation Request GC 0221-06).

-- DTC Case 709454 (GPS Receiver Component Single Chip Processor (RAD60006C) CMOS Static RAM (SRAM). Manufacturer: BAE Federal Systems. End User: LABEN S.p.A. Final Destination: Milan, Italy. (See License Variation Request GC 0221-06).

-- DTC Case GC 0324-06 (Payload Component Rad-Hard 32K RAM): License Variation submitted in February, 2006. Requested end user: ASI. Requested launch site: Siriharihot, India.

-- DTC Case 675615 (Payload Component Rad-Hard 32K RAM): Manufacturer: Honeywell. End user: Laben S.p.A. Final Destination or Launch site: USA (Vandenberg). (See License Variation Request GC 0324-06).

-- DTC Case 956359 (Magnetometer): Manufacturer: SAIC. End user: ASI. Launch destination: India. NOTE: Carlo Gavazzi Space informed Embassy that it has decided to switch to a different manufacturer for the magnetometer procurement.

The SAIC magnetometer will not be used for the AGILE satellite.

-- Case number unknown: MOSFETs (Metal-oxide semiconductor field effect transistors). Manufacturer: International Rectifier; Supplier: Consystem. License was approved, per ASI.

COMMENT:

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11. (SBU) The Embassy urges the Department and Department of Commerce to expedite the review of this request given the negative press we could receive by a continued delay. While we hope that Italy qualifies for the requested permits, at this point a quick no would be preferable to an uncertain, drawn out review process. End Comment.

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